

## **FISCAL NOTE**

### **HB 350 - SB 1454**

March 31, 2007

**SUMMARY OF BILL:** Eliminates the high school academic requirements for the initial receipt of the Tennessee HOPE scholarship.

#### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$64,885,000 in FY07-08 and by \$71,375,400 in FY08-09.**

#### **Assumptions:**

- According to the Department of Education, there were 46,100 high school graduates in 2004.
- According to the Tennessee Higher Education Commission's TELS Lottery Report for fall 2006, there were 17,500 entering freshmen in the fall of 2004.
- In comparing high school graduates with entering college freshmen in 2004, a utilization rate of 38% is represented.
- If high school academic requirements are dropped, it is assumed that the utilization rate would increase to 75%. If the number of high school graduates remains the same in 2007, an additional 17,075 students would use the award.
- If these students receive a HOPE scholarship award of \$3,800, the first year impact is estimated to be \$64,885,000. (17,075 x \$3,800)
- An additional 10% increase in high school graduates (50,710) is estimated for the second year. An estimated 18,763 students would receive a \$3,800 award if academic requirements are eliminated.
- The second year cost is estimated to be \$71,375,400. (18,763 x \$3,800)

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director